have indicated to date, the desired effect of the administration's claim for withholding, or reasons for the withholding, is not going to be an actual fact but is going to have, in the opinion of all the witnesses that I recall who have testified so far, it will have an adverse effect, not only the proper development and completion of the Interstate System but also on the cost item involved and the so-called inflationary measures, because of the continual increase in the cost of production. Is that correct?

Mr. STAPP. That is right.

Mr. HARSHA. Now, Mr. Chairman, I have a copy of a letter addressed to the Honorable George Fallon, chairman of the full committee, from Mr. Masheter, who is the director of highways for the State of Ohio, and a member of AASHO, of course; and he, in that letter, points out the effects of this cutback on Ohio and why it is so serious in regard to Ohio, and because of the previous delay and holdup in apportionment and then the subsequent strike that Ohio endured in the highway construction field; and then Ohio was not able to obligate its allowance or apportionment for 1967, therefore the cutback, based on the 1967 obligation in Ohio, amounts to a far greater percentage than claimed by the administration.

Without objection, I would like to introduce that letter and make it a part of the record.

Mr. KLUCZYNSKI. There being no objection; so ordered. It will be made a part of the record.

(Letter referred to follows:)

FEBRUARY 16, 1968.

Hon. GEORGE H. FALLON,
Chairman, House Public Works Committee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN FALLON: Instructional Memorandum 30–2–68 recently issued by the Department of Transportation outlines the 1968 calendar year limitation of Federal funds to the individual states and specifies that it is based upon 95 percent of the amount each state obligated in the 1967 calendar year.

We have expressed our objection to the Department of Transportation, and are taking this opportunity to express our objection to you in your capacity as Chairman of the House Public Works Committee. Our objection is based upon the following:

1. Ohio's highway planning and budgeting are based upon anticipated fiscal year allocations. Our State Legislature's appropriations are based upon anticipated fiscal year federal fund allocations. If a reduction in federal highway funds is necessary, it should at least be related to a percentage of a particular fiscal year allocation.

2. Ohio did not obligate a normal amount of federal funds in 1967 calendar year because of the previous cutback of federal funds, because of a construction equipment operator's strike of six weeks during which time we did not take bids for construction contracts, and because of design delays as a result of incorporating additional safety standards into projects during the last half of the year. We should be in the position of making up for lost time this year instead of being delayed to a greater degree. A 1968 limitation based upon 1967 obligations is arbitrary and inconsistent with good planning.

3. We have a total highway program which normally averages in excess of $400 million per year and our engineering, right of way and construction budgets and manpower are geared to this anticipated production. We can't find out in the middle of the fiscal year that there is to be an immediate reduction of a portion of our resources without suffering loss of efficient use of manpower and funds. We don't feel it is necessary that governmental organizations should be forced to operate under these conditions.